

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

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E.O. 11652: NA

TAGS: APUB, IN

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO INDIA

FOR YOUR INFO ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT
BANK RELEASE ON THE DIRECT CREDIT OF DOL1,260,000 TO UNION
CARBIDE INDIA LIMITED. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE
IN WASHINGTON, D.C. AFTER 2:00 PM THURSDAY, JAN 8, 1976.

QUOTE: EXIMBANK CREDIT OF DOL1,260,000 SUPPORTS DOL2.8 MILLION
SALE OF US EQUIPMENT FOR CHEMICAL PLANT IN INDIA

THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A
DIRECT CREDIT OF DOL1,260,000 TO UNION CARBIDE INDIA LIMITED (UCIL),
TO SUPPORT A DOL2.8 MILLION SALE OF US EQUIPMENT AND SERVICES
REQUIRED FOR THE CONSTRUCTION OF A PLANT TO PRODUCE
INSECTICIDES AND OTHER AGRICULTURAL CHEMICALS. THE PLANT WILL
BE BUILT AT BHOPAL, MADHYA PRADESH, FOR THE PRODUCTION OF
METHYL ISOCYANATE BASED PESTICIDES.

US PURCHASES WILL INCLUDE REACTORS, DISTILLATION TOWERS, HEAT
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EXCHANGERS, CENTRIFUGES, FILTERS, DRYERS, VALVES, CONTROL

INSTRUMENTATION, SAFETY EQUIPMENT. US SUPPLIERS WILL INCLUDE VULCAN MANUFACTURING COMPANY OF CINCINNATI, OHIO, AND GOULD PUMPS INC., OF SENECA FALL, NEW YORK, AMONG OTHERS. UCIL WAS ESTABLISHED IN 1934 AS THE EVEREADY COMPANY (INDIA) LIMITED AND ASSUMED ITS PRESENT NAME IN 1959. THE COMPANY IS PUBLICLY HELD WITH SOME 18,000 SHAREHOLDERS, THE LARGEST BEING UNION CARBIDE CORP WHICH OWNS 60PERCENT OF THE STOCK.

EXIMBANK'S CREDIT REPRESENTS 45PERCENT OF THE TOTAL US COSTS. A CREDIT OF DOL1,260,000 FROM THE FIRST NATIONAL CITY BANK (INDIA), WILL FINANCE ANOTHER 45PERCENT OF THE US COSTS. THE BORROWER WILL MAKE CASH PAYMENT OF 10PERCENT OR DOL280,000, REPRESENTING THE BALANCE OF THE US COSTS.

EXIMBANK'S INTEREST RATE OF 8-3/4 PERCENT COMBINED WITH THE INTEREST RATE FROM COMMERCIAL SOURCES WILL RESULT IN AN ESTIMATED INTEREST COST TO BORROWER OF FROM 9.04 PERCENT TO 9.29 PERCENT PER ANNUM. THE LOANS ARE TO BE REPAID IN 14 SEMIANNUAL INSTALLMENTS BEGINNING APR 10, 1978, WITH EXIMBANK'S DIRECT CREDIT TO BE REPAID OUT OF THE LAST 7 INSTALLMENTS. REPAYMENT OF EXIMBANK'S CREDIT IS TO BE GUARANTEED BY FIRST NATIONAL CITY BANK (INDIA). UNQUOTE KISSINGER

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